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ARIZONA CORPORATION COMMISSION

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2008 SEP 19 P 1:34

AZ CORP COMMISSION  
DOCKET CONTROL

ORIGINAL

September 19, 2008

Mr. Ronald McDonald  
General Manager  
Pineview Water Company  
5198 Club Lake Road  
Show Low, Arizona 92801

Arizona Corporation Commission  
**DOCKETED**

SEP 19 2008

DOCKETED BY

RE: PINEVIEW WATER COMPANY, INC - APPLICATION FOR A RATE INCREASE  
DOCKET NO. W-01676A-08-0366

**SECOND LETTER OF DEFICIENCY**

Dear Mr. McDonald:

In reference to your rate application received on July 18, 2008, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff found that your application was deficient on August 15, 2008. The Company submitted information in response to that letter. The information submitted did not sufficiently or completely address some of the deficiencies. The continued deficiencies are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original, and 13 copies of the corrected pages.

You have 15 calendar days, or until October 7, 2008, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application.

The Staff person assigned to your application is Jeffrey M. Michlik. He can be reached at (602) 364-2034, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Abinah', with a stylized flourish at the end.

Elijah Abinah  
Assistant Director/Acting Chief Accountant  
Regulatory Analysis Section  
Utilities Division

EGJ:JMM:red

CC: Docket Control Center (fifteen copies)  
Vicki Wallace, Consumer Services  
Delbert Smith, Engineering  
Lyn Farmer, Hearing Division

**PINEVIEW WATER COMPANY, INC.**

**Rate Application**

**Docket No. W-01676A-08-0366**

**Test Year Ended March 31, 2008**

**Second List of Deficiencies**

The specific items that have caused a second finding of deficiency are as follows:

1. On Schedule A-1, the Adjusted Operating Income should be \$30,827 not \$65,056. As a result the current rate of return should be 2.71 percent, under the original cost column. Please correct.
2. On Schedule A-1, the required rate of return should equal your weighted cost of capital of 10.62 percent not 12.93 percent. Please correct. As a result of this adjustment please correct the operating income requirement and operating income deficiency.
3. The Long Term Debt and Common Equity on Schedule A-3, does not match the Long Term Debt and Common Equity on Schedule D-1. Please reconcile.
4. On Schedule F-1, please project Other Income & Expense items.
5. On Schedule H-3, please fill-in the proposed refundable meter installation charges, or if there is no change copy the charges from the present rate column into the proposed rate column.
6. On Schedule H-5, page 4 of 13, for the ¾" meter customers. In the Bills column the Company indicates they had 12 bills for customer usage of 104,000. Did the Company actually bill 12 separate bills all for 104,000 gallons, or in a 12 month period did the Company bill 1 customer for 104,000 gallons of usage? Please explain.
7. For the 2 inch Meter Customers and Construction Customers, please use the same range as the 5/8 inch through 1 ½ inch metered customers. For example, the Company uses a range of 0-5,000; 20,000-40,000, etc., for its 2 inch metered customer, while the range for the 5/8 through 1 ½ inch metered customer the range is 0-1,000; 1,000-2,000; 2,000-3,000, etc. Please correct.